

The complaint

Ms H has complained that Red Sands Insurance Company (Europe) Limited unreasonably refused her claim for the loss of use of her horse under her horse policy.

What happened

Ms H took out a time-limited policy with Red Sands which provides cover for vet fees for any conditions for 12 months from the date the symptoms were first noted subject to the pre-existing exclusion and other limitations.

Nine months after Ms H acquired her horse and insured it with Red Sands, he developed an issue with his neck which unfortunately meant he could no longer be ridden. Ms H made a claim for both the vet fees in diagnosing her horse's condition and for 'loss of use' which is effectively the purchase price she paid for the horse of £8,500.

Eventually Red Sands paid the vet fees claim. Ms H said the experience of trying to claim this was exasperating. However Red Sands said that as Ms H never bought the add on cover for 'loss of use', it wouldn't pay that claim.

Ms H appealed but Red Sands wouldn't change its stance, so she brought her complaint to us. The investigator didn't think Red Sands had done anything wrong in declining Ms H's claim for the 'loss of use' element as there was no evidence she bought this add on cover.

Ms H remained dissatisfied, so her complaint was passed to me to decide.

I issued a provisional decision on 9 July, and I said the following:

'Having done so, I'm only upholding this complaint for compensation. I appreciate and understand Ms H will be very disappointed, so I'll now explain why.'

Loss of Use claim

First, I shall deal with the issue of the 'loss of use' claim by Ms H. This 'loss of use' cover is clearly an add on benefit which therefore needs to be selected by the applicant on the application for the policy or at renewal. That also means a further premium for that add on cover would be payable too to cover that additional risk.

It is a great pity Red Sands can't provide Ms H's online journey in buying this policy, given it changed its online process. Red Sands is well aware that consumer complaints so often centre on what occurred, was asked, or indeed was answered, during the selection of the policy on its website or via comparison websites, so I would have expected it to retain this important part of the consumer's journey too. It is, as the investigator said, very disappointing indeed. Ms H is fully entitled to know what she said on her application if there is any dispute about it, as there clearly is

here and it is for the insurer like Red Sands to provide that in the event of the dispute too.

Further the overarching Consumer Duty demands the insurer aids 'consumer understanding' and 'consumer support' and in deciding not to retain this consumer's online application journey, it has systematically failed on both of these tenets of the Consumer Duty it has towards Ms H.

The Schedule of insurance shows every policyholder what cover they have bought. Here, it shows that Ms H bought other add on benefits namely 'if your horse dies which provides a benefit of the market value of the horse which in Ms H's case was £6,000 and removing and disposing of its body of £200.

Both the policy document and the Insurance Product Information Document (IPID) talk about these add on benefits to include 'loss of use.' And both documents clearly state they are 'add on' benefits, so not part of the standard policy terms.

In the contents section of the policy document Section A Vet fees is listed. This is the standard cover applied for this policy and merely covers vet fee claims. Then under the heading Optional Benefits, it lists Sections B through to H as all the optional benefits available for the applicant in Ms H shoes to choose or not as they wish. 'Loss of use' is described in Section D as 'If your horse can't do the activities you chose for them.' We know from the insurance schedule Ms H actively chose Section B 'If your horse dies' add on benefit but the schedule doesn't show me that she chose Section D also.

In Section D in the policy, it says Ms H would have had to choose an **additional activity** (my emphasis) besides 'hacking' too, so that means Ms H actively had to think about any additional activities from the list of activities for which Red Sands were happy to provide cover which is detailed in Appendix A as Activity B. Further, under what is not covered in this section it says 'there is no cover for an activity not shown on the Schedule' too.

Section D goes on to say 'we'll cover you if your horse develops a condition that means they're permanently, physically unable to do hacking or the activity ([in the singular] you chose in your schedule. This is also known as Loss of Use.'

However, I don't consider this is as clearly worded as it ought to have been, as in addition to 'hacking' under Activity A it also lists dressage and flat schooling which isn't mentioned in Section D, so that doesn't make much sense to me as a horse might not be able to take part in dressage either and it assumes every horse is hacked if it's not retired or at grass but without making that very clear either.

In Appendix A of the policy, it lists the following activities as 'Activity A':

- Horses at grass
- Retired horses
- Hacking
- Dressage and flat schooling (up to preliminary level British Dressage)'

Activity B of Appendix A lists the following activities:

- Rearing and breaking
- Western riding

- Gymkhana
- Endurance and fun rides (up to 25 miles)
- Showing and local shows
- Show jumping
- Vaulting
- Hunter trails and cross country
- Pony club activities
- Riding club activities
- Le TREC
- Private driving

Without the application journey, I can't see how Red Sands worded these questions for its add on benefits for Ms H to answer if she wanted to choose her additional activity for Section D cover. From a reading of Section D, it doesn't give me any great indication as to possible wordings either, sadly. It's also not clear in the wording of Section D, very importantly in my view, that Ms H might have needed to have selected an activity from the list of Activity B either. I understand Ms H's horse is a dressage horse, but no doubt well beyond the preliminary level of British Dressage too.

So, it's very unsatisfactory that I can't see what Ms H was asked in the application process and indeed what she answered too, other than the schedule does not list that she opted to take the add on benefit of 'loss of use'.

However, it is for the policyholder, Ms H to show they have a valid claim and to show this 'loss of use' benefit was bought and indeed paid for by her. On balance, I don't think it was, as otherwise it would be listed as a further 'optional benefit' on Ms H's schedule of insurance. I have no doubt Ms H wanted a policy with this cover, but it's incumbent on the policyholder to read the documents they receive about their cover once their application is accepted and to contact the insurer if there is anything missing or wrong. Miss H didn't do this here.

The schedule says the following:

'This product meets the demands and needs of someone looking for cover towards vet fees for treating accidents, illnesses and conditions for their horse. Your horse will be covered for 12 months after the condition is first noticed by yourself or your vet, so this could mean when symptoms first arose or when an accident happened. This product is for someone who owns a horse and looks after it for more than 50% of the time. There are a range of optional benefits that you can choose to add to your policy to provide additional cover. Please review the details on this schedule carefully to ensure that this policy meets your demands and needs.'

Therefore, as it ought to have done, under the regulations Red Sands did bring this duty to read through the schedule to Ms H's attention also.

So, despite the issues with the clarity of choosing 'loss on use' from both the policy wording and indeed the fact Red Sands couldn't show Ms H's online journey in buying this policy, on balance I consider it was more likely than not that this benefit wasn't chosen by Ms H. And that she also failed to check it when she received her

policy documents. However, I consider it unfair to Ms H that I can't consider this complaint with the evidence of Ms H's online journey, so I consider some compensation is warranted for this which I shall deal with below.

Vet fees claim

Ms H also complained about the manner in which her claim for vet fees was managed by Red Sands. First Red Sands couldn't find the claim despite Ms H's vet receiving an acknowledgement that Red Sands had received it. So, the vet had to re-send it. Then Red Sands decided the claim was from a pre-existing condition as it misunderstood what a 'roach back' was and thought it was connected to the claim for vet fees. It also misunderstood when her vet had attended her horse and the fact it had passed the physical exam also. This necessitated Ms H and her vet having to re-explain the matter further, causing Ms H to spend more time than reasonable in sorting out her valid claim for vet fees. Red Sands didn't respond to this element of Ms H's complaint as it concentrated on the issue of the benefit of 'loss of use' only. There is no doubt that this caused Ms H unnecessary further trouble and upset also, for which I consider compensation is warranted.

Compensation

I am particularly concerned that Ms H's online journey wasn't kept and made available to Ms H, given her complaint. Having that available would have clarified the issue and instead my decision is based on the balance of probability solely due to a lack of evidence that should have been retained by Red Sands. I find consequently that Red Sands didn't uphold its Consumer Duty to Ms H adequately as I detailed above.

So, on this basis and on the difficulty Ms H endured to have her cogent claim for vet fees addressed and paid in a timely manner, I consider Red Sands should pay Ms H the sum of £500 compensation. I consider this amount is reasonable given the circumstances here and in line with our approach to compensation which is more fully detailed on our website.'

Red Sands accepted my provisional decision. Ms H understandably remains dissatisfied. She mentioned that the loss of use kept being referred to in her renewals, so she saw no reason to pay for it again as she already had it. Ms H remains of the view that the loss of use benefit is standard cover in horse insurance policies as an absolute minimum level of cover and feels like Red Sands was manipulating things to her disadvantage.

So, we asked Red Sands to provide copies of all the renewal invites and the documents sent with them, which it provided to us.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have personally searched all the comparison sites offering horse insurance, as not all of them do. The standard level of cover is vet fees cover. The policies are aimed at giving the policyholder insurance for the vet fees incurred in treating their horse. The standard level of cover is not therefore 'loss of use'. That can be included of course, but in my view these policies are primarily aimed for the cover against vet fees.

All these policies are sold on an unadvised basis. That means the insurer is not permitted by the regulations to give any advice over whether the policy meets all of the needs of what the consumer is looking for. The duty of the insurer is to detail the cover available. Which was what Red Sands did here, as I detailed in my provisional decision, above. *'This product meets the demands and needs of someone looking for cover towards vet fees for treating accidents, illnesses and conditions for their horse'*. That is not saying anything about 'loss of use'.

So, as the policy is sold on an unadvised basis, the duty shifts to the consumer to check that the cover offered in the policy is right for their needs both in the cover provided and also the possible premium price for that cover. Provided the insurer has detailed the cover which I consider Red Sands did here adequately, then the insurer has no further duty in the consumer's decision or consideration that the policy is right for their needs.

When policies are applied for on comparison websites like Ms H did, the answers to questions pull through into the insurers' systems from the comparison website. There isn't someone else there from the insurer transcribing the answers. It's an automatic process aimed at making it easier for consumers to apply for policies and obviously keeping costs down for the insurer given the consumer's information and answers is already on the comparison platform to enable it to give the quote, and more importantly for this case, for the 'pull through' to the insurers' systems of what the consumer said, if the consumer clicks 'buy'. Therefore, I consider it fair and reasonable to conclude that the information the insurer will receive is what the consumer inputted into the comparison website and that in turn pulls through to the Schedule showing the consumer the cover bought. It does however remain a pity Red Sands failed to retain Ms H's application and online journey as it should have done. I remain of the view that had it done this Ms H's complaint wouldn't be before me now. I do understand and appreciate Ms H's frustration with this omission too, which I share also.

Turning to the issue of Red Sands renewal invites, there is nothing in those renewal invites that shows 'loss of use' is a core benefit of the policy. It remains an add on benefit. Ms H mentioned she added on the death and disposal on renewal but from what I can see this was added on when Ms H first bought her policy and not later. And indeed, in the latest renewal the 'loss of use' has been removed altogether plus the cover for vet fees is now further limited. That further indicates to me that 'loss of use' remains being a benefit that is not a core benefit of insuring a horse under this policy.

So, whilst Ms H is of the view 'loss of use' is a core benefit of insuring a horse, it remains that Red Sands in its horse insurance policy didn't consider it was offering 'loss of use' as such a core benefit. So, there was no 'wriggling' out of this claim by Red Sands and neither did it manipulate anything as far as I can see. It also remains the duty of the consumer to check the cover they buy when they receive their insurance documents. The law and the regulations give consumers this 14-days cooling off period solely to clarify any mistakes possibly made at application, and for the consumer to satisfy themselves the policy they have bought is suitable for their needs.

It remains however given the lack of the retention of Ms H's online journey plus her experience in getting her claim for vets fees accepted that I consider Red Sands is required to pay Ms H compensation. Which Red Sands has now agreed to do.

My final decision

So, for these reasons it's my final decision that I uphold this complaint for compensation only.

I now require Red Sands Insurance Company (Europe) Limited to pay Ms H £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 21 August 2025.

Rona Doyle
Ombudsman